

## Press Release

### Shivagiri Cashews (SC)

23 May, 2017

#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs.12.50 Crore
<b>Long Term Rating</b>	SMERA B / Outlook: Stable

*\*Refer Annexure for details*

#### Rating Rationale

SMERA has assigned a long term rating of '**SMERA B**' (read as **SMERA single B**) to the above mentioned bank facilities of Shivagiri Cashews (SC). The outlook is **Stable**.

Shivagiri Cashews (SC), an Udupi-based partnership firm, was established in April 2016 by Mr. Pratap Hegde and Mrs. Divya Hegde. SC is engaged in processing and trading of cashews and raw cashew nuts and by- products such as cashew husk and cashew shells.

#### List of key rating drivers and their detailed description

##### Strengths:

**Experienced promoters:** Mr. Pratap Hegde and Mrs Divya Hegde, partners of the firm, possess an experience of around six years in the cashew industry. Mr. Pratap Hegde is the proprietor of M/s Hegde Cashews which was established in 2011.

##### Weaknesses:

**Nascent stage of operations:** The operations of SC are in nascent stage having started operations in October 2016 and the stability of operations in this entity would remain a key monitorable.

**Competitive and fragmented nature of cashew industry:** The cashew industry is a highly competitive industry due to low entry barriers which results in intense competition from both the organised as well as unorganised players in the industry.

**Analytical approach:** SMERA has taken a standalone view of the business and financial risk profile of Shivagiri Cashews.

#### Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

#### Outlook: Stable

SMERA believes SC will maintain a stable outlook in the medium term on the back of experience of the promoter. The outlook may be revised to 'Positive' in case the company registers higher than expected revenues while booking healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of higher than anticipated debt-funded capital expenditure and/or failure to attain expected cash flows.

### About the rated entity

Shivagiri Cashews (SC), an Udupi-based partnership firm, was established in April 2016 by Mr. Pratap Hegde and Mrs. Divya Hegde. SC is engaged in processing and trading of cashews and raw cashew nuts and by products such as cashew husk and cashew shells. The firm has a processing plant at Udupi with an installed capacity of processing 6000 KG per day. Mr. Pratap Hegde is proprietor of M/s Hegde cashews which was established in 2011.

The commercial operations started from October 2016. SC has reported approximate sales of Rs.1.50 crore till December 2016 (provisional).

**Status of non-cooperation with previous CRA (if applicable):** N.A.

**Any other information:** None

**Rating History for the last three years:** Not Applicable

**\*Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Overdraft	N.A	N.A	N.A	3.00	SMERA B/Stable (Assigned)
Cash Credit – Pledge	N.A	N.A	N.A.	7.50	SMERA B/Stable (Assigned)
Term Loan	N.A.	N.A.	October 2023	2.00	SMERA B/Stable (Assigned)

**Note on complexity levels of the rated instrument:**

<https://www.smera.in/criteria-complexity-levels.htm>

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## ABOUT SMERA

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